

CONTRACTS--ISSUE OF FORMATION--DEFENSE OF GROSSLY INADEQUATE
CONSIDERATION ("INTRINSIC FRAUD").

The (*state number*) issue reads:

Was the [price paid] [consideration given] to the defendant
for entering into the contract with the plaintiff grossly
inadequate?"

(You will answer this issue only if you have answered the
(*state number*)¹ issue "Yes" in favor of the plaintiff.)

On this issue the burden of proof is on the defendant. This
means the defendant must prove, by the greater weight of the
evidence, that the [price paid] [consideration given] to the
defendant for entering into the contract with the plaintiff was
grossly inadequate² under the circumstances.³ To be grossly
inadequate, the [price paid] [consideration given] must be so
disproportionate to the value of what the defendant has given up
under the contract that, under the same or similar circumstances,
it would shock the conscience of a reasonable person.

Finally, as to the (*state number*) issue on which the
defendant has the burden of proof, if you find by the greater

¹See N.C.P.I.--Civil 501.01 (Contracts--Issue of Formation).

²A shockingly insufficient consideration will support a finding of
grossly inadequate consideration (i.e., intrinsic fraud) without other
evidence. *Wall v. Ruffin*, 261 N.C. 720, 723, 136 S.E.2d 116, 118 (1964);
Garris v. Scott, 246 N.C. 568, 575, 99 S.E.2d 750, 755 (1957); *Carland v.*
Allison, 221 N.C. 120, 122, 19 S.E.2d 245, 246 (1942).

³The permitted inference of fraud is rebuttable.

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weight of the evidence that the [price paid] [consideration given] to the defendant for entering into the contract with the plaintiff was grossly inadequate, then it would be your duty to answer this issue "Yes" in favor of the defendant.

If, on the other hand, you fail to so find, then it would be your duty to answer this issue "No" in favor of the plaintiff.